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GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF TRANSPORTATION  
LANSING

KIRK T. STEUDLE  
DIRECTOR

October 22, 2007

The Honorable Bill Hardiman, Chair  
Senate Appropriations Subcommittee  
on Transportation  
Michigan State Senate  
P.O. Box 30036  
Lansing, Michigan 48909

The Honorable Lee Gonzales, Chair  
House Appropriations Subcommittee  
on Transportation  
Michigan House of Representatives  
P.O. Box 30014  
Lansing, Michigan 48909

Dear Senator Hardiman and Representative Gonzales:

In accordance with Public Act 2006, section 308 that states:

*The department and local road agencies that receive appropriations under this article shall pursue compliance with contract specifications for construction and maintenance of state highways and local roads and streets. Work shall not be accepted and paid for until it complies with contract requirements. Contractors with unsatisfactory performance ratings shall be restricted from future bidding through the prequalification process established by the department or a local road agency. The department, county road commissions, and cities and villages shall report to the house of representatives and senate appropriations subcommittees on transportation, the senate and house fiscal agencies, and the state budget director on their respective activities under this section.*

Through the department's construction and maintenance contract administration process, fiscal year 2006-2007 contracts scheduled for completion have been successfully completed. All work was inspected and accepted as being in reasonable conformance with contract plans and specifications.

A contractor must be prequalified by the department before submitting a bid. Contractors are prequalified by work type and for specific dollar amounts based on experience, equipment, financial statements, and performance evaluations. The department has a contractor performance process that project management personnel use to evaluate a contractor's performance at the end of each year for multi year projects, at the completion of a project, and at any other time it is determined that an evaluation is appropriate. A contractor's prequalification may be reduced as a result of unsatisfactory performance ratings. During fiscal year 2006-2007, one contractor had their prequalification rating suspended due to unsatisfactory performance ratings.

Sincerely,

Kirk T. Steudle  
Director

cc: Senate & House Appropriations Subcommittees on Transportation  
Debra Hollon, Senate Fiscal Agency  
Bill Hamilton, House Fiscal Agency  
Bob Emerson, State Budget Director